



Facultat de Ciències Jurídiques
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FINAL PROJECT
ECONOMIC AND FINANCIAL ANALYSIS OF
ATRESMEDIA AND MEDIASET

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ABSTRACT

This paper seeks to analyze and compare the economic and financial situation of the companies *Atresmedia* and *Mediaset*. For this purpose, their levels of liquidity, solvency and profitability will be evaluated from 2014, the end of the Spanish economic crisis, until 2018, when the positive evolution of these indicators will be seen due to the difficult situation in which they found themselves, and then discover what is different in each of the companies.

Thus, it will be possible to determine the type of financing that prevails in each company, such as the quality of the debt, and therefore which company has the best balance according to its financial statements.

This will be done with a small introduction about the audiovisual sector in which they are located and the main characteristics of each company.

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1. Introduction

In 2020 it will be 30 years since the debut of the two most important channels in Spain in private television that would change the history of audiovisual communication: *Antena3* and *Telecinco*.

As a result, the television sector is led by its two huge companies, *Atresmedia Corporación de Medios de Comunicación, S.A.* and *Mediaset España Comunicación, S.A.*, which dominate 90% of the advertising market and 60% of the audience. This is the reason why these two companies have been selected, due to their dominant position in the audiovisual sector in Spain, as *Atresmedia* and *Mediaset* share the same main activity and there is a high level of competition between them.

In order to compare the economic and financial situation of these two companies, it is necessary to use the analysis and interpretation of the financial statements, since these represent the main source of information of any company.

The economic and financial information used to prepare the present paper has been obtained from the individual audited financial statements located on the website of each company, for the period from 2014 to 2018, because *Mediaset* does not yet present the 2019 financial statements on its website.

The structure of this paper consists first of a small description of the audiovisual sector in Spain and the general characteristics of the companies under study in this TFG, such as their shareholders, channels and group companies. Then, an economic and financial analysis of the companies *Atresmedia* and *Mediaset* for the period mentioned above.

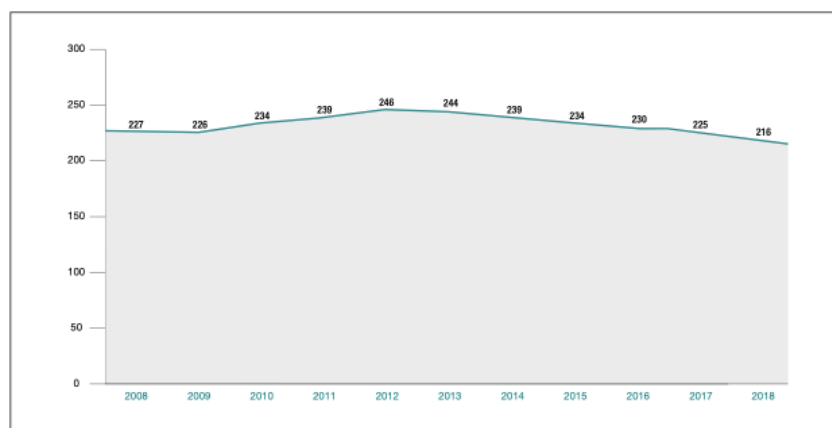
Finally, with the results obtained throughout the process, the final conclusions are drawn.

2. General characteristics

2.1. Situation of the sector in Spain

The media in this country, as in the rest of the world, is undergoing a considerable transformation in demand and supply. This is affected by the new generations of mobile devices and technological advances that are influencing the process of evolution. This is important in the new habits and preferences of users, because tastes change over time and influence.

FIGURE 1. Evolution of TV consumption in Spain. 2008-2018.



Source: Anuario SGAE 2019.

As can be seen in the figure, the average daily television consumption in Spain during 2018 was 216 minutes per person, a drop of nine minutes per day compared to the 225 minutes recorded in the previous year. This trend has been occurring since 2013, due to the large increase in supply in recent years, so the audience has been diversifying.

This diversification is due to the emergence of Video On Demand platforms (Netflix, HBO, Amazon Prime ...) to view online content, where in 2018 there was an average of 32.7% of households using these media, according to the CNMC *Panel hogares*.

According to the *Panel hogares* of the second semester of 2018, the main platform used to watch online TV programs is YouTube, with an annual average of 53.4%. In second position is Atresplayer/Flooxer, the online platform of *Atresmedia*, with an average of 35.3%, higher than the annual average of Mitele, the platform of *Mediaset*, which is in fourth place, after rtve.es, with an annual average of 27.8%.

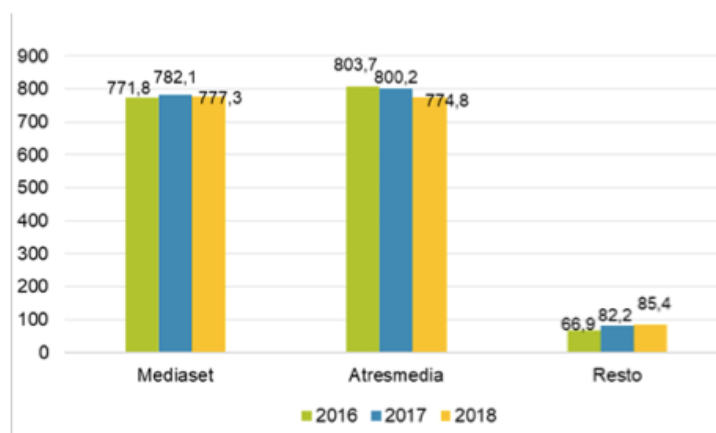
All of these platforms have been losing followers since late 2016, although some of them have increased the percentage by a small amount in the last semester of 2018, the result is considerably lower compared to two years ago.

This is due to the new platforms, including Movistar+, which in addition to those already mentioned, have increased their average annual consumption.

Even so, if we compare all television consumption systems, free access TV content consumption is still the leader in our country today, with 68.9% of users. Although, according to data from the *New TV Indicators* (Cimec) for the first quarter of 2019, more than a quarter of those interviewed who watched television the day before the study did it through alternative media to conventional television, such as the Internet, VOD platforms or YouTube.

In Spain, the leaders in television programming are two big platforms: *Mediaset España* and *Atresmedia Comunicación*. They are considered a duopoly, something easy to intuit looking at the figure of advertising revenues.

FIGURE 2. Advertising revenues of private operators. (millions of euros).



Source: CNMC

Revenues are highly polarized around these two operators, *Mediaset España* (with seven channels) and *Atresmedia Comunicación* (with six channels). In 2018 they earned 1,552.1 million euros, 89% of total free access advertising revenues. It can be observed that in previous years the company with the most income was *Atresmedia*, but today it is slightly outperformed by *Mediaset*.

There has been very little change in the classification by group audiences. Although *Atresmedia* in 2016 and 2017 had the highest revenue, it was not on television, because based on the evolution

of audiences by group and by channel of the CNMC, *Mediaset* since 2016 has a higher percentage of audience than *Atresmedia*, meaning that it is the Spanish television group with the highest audience of the schedule. Audience is important as it determines the sales price of advertising space.

2.2. Companies under analysis: *Atresmedia y Mediaset España*

A. *ATRESMEDIA*

The company Antena 3 S.A. was established in 1979, with the participation of several publishing companies such as La Vanguardia and ABC, but its main objective was to create a private television network, an intention that was raised in 1980 before the Spanish Ministry of Culture. Meanwhile, they focused on the radio.

On June 7, 1988 *Antena 3 Televisión, S.A.* was established, and in 2013 it changed to *Atresmedia Corporación de Medios de Comunicación, S.A.* In 2012 it absorbed the company *Gestora de Inversiones Audiovisuales La Sexta, S.A.*

The group is chaired by José Crehueras Marganet, who is also Chairman of “Grupo Planeta” and Director of “Grupo Planeta DeAgostini”.

The **main activity** is the provision of audiovisual communication services in any of its forms of diffusion.

• SHARE CAPITAL AND SHAREHOLDERS

It has been listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges since 29 October 2003, through the Electronic Spanish Stock Market Interconnection System (SIBE). At the end of 2018 and 2017, the Company's share capital was 169,299,600 euros and was represented by 225,732,800 fully subscribed and paid-up shares with a par value of 0.75 euro each.

FIGURE 3. Distribution of *Atresmedia*'s capital (%).

Holder	31/12/2018
Grupo Pasa Cartera, S.A. Sole-Shareholder Company	41.70
Ufa Fil, und Fernweh GmbH	18.65
Imagina Media Audiovisual, S.A.U.	4.23
Own shares	0.35
Other shareholders	35.07
Total	100

Source: Prepared by the author based on the financial statements of Atresmedia.

• TV CHANNELS

The following figure shows the channels that integrate the group, with a description of each of them and their average audience in 2018.

FIGURE 4. *Atresmedia* TV channels.

Channel	Description	Audiences
 Antena 3	<p>It is the channel with the highest audience in the group, targeted at audiences of all ages. Its schedule consists of its own shows, entertainment programmes, contests, series, films and news.</p> <p>Successful programmes: Espejo Público, Cocina de Karlos Arguiñano, La ruleta de la suerte, ¡Ahora Caigo!, El hormiguero...</p>	12.3 %
 laSexta	<p>It is the second highest rated channel in the group. Its schedule is generalist, although with special presence of humor and entertainment programmes, and talk shows.</p> <p>Successful programmes: El intermedio, Zapeando, Salvados, Al rojo vivo, Salvados...</p>	6.9 %
 neox	<p>It is a channel oriented to the entertainment of the young public, with a daily schedule of fiction series, entertainment programmes and movie broadcasts. It also usually broadcasts replays of series broadcast on Antena 3.</p> <p>Successful programmes: American Dad, How I Met Your Mother, Two and a Half Men, The Big Bang Theory...</p>	2.4 %
 nova	<p>It is a channel oriented to the conventional public, with soap operas, movies, series and home-related programmes.</p> <p>Successful programmes: Bones, Bricomanía, Forensic Files, Undercover Boss, The Mentalist...</p>	2.4 %
 MEGA	<p>The schedule consists of historical, action and science fiction, mystery series and miniseries, documentaries, sports, rebroadcasting and films.</p> <p>Successful programmes: Hardcore PAwn, 1000 Ways to Die, Cosmos...</p>	1.6 %
 A3S ATRESERIES	<p>Its schedule consists of current and historical series on Antena 3 and La Sexta and films.</p> <p>Successful programmes: Allí abajo, Aquí No Hay Quien Viva, Compañeros, Los Hombres de Paco...</p>	1.2 %

Source: Prepared by the author.

Additionally, *Atresmedia Corporación de Medios de Comunicación, S.A.* disseminates content through its digital platform Atresplayer and other channels abroad, such as Antena 3 Internacional and ¡HOLA! TV, and performs production and marketing activities of content, teleshoping and licenses.

It also has three radio channels: Onda Cero (conventional radio), Europa FM and Melodía FM (formula music radio).

• CONSOLIDATED AND ASSOCIATED GROUP COMPANIES

The company, through consolidation by global integration, has holdings in 16 companies of the sector based in Spain, and 7 outside the country, such as Smartclip, S.L., which has companies in Brazil, Mexico, Colombia, Peru, Argentina and Chile. *Atresmedia* has control over these companies because it holds more than 50% of the voting rights.

FIGURE 5. Companies consolidated by the global integration method.

Corporate name	Registered office	%
Antena 3 Multimedia, S.L.U.	Madrid	100
Antena 3 Noticias, S.L.U.	Madrid	100
Atres Advertising, S.L.U.	Madrid	100
Atresmedia Cine, S.L.U.	Madrid	100
6&M Producciones y Contenidos Audiovisuales, S.L.U.	Madrid	100
Atresmedia Música, S.L.U.	Madrid	100
Atresmedia Studios, S.L.U.	Madrid	100
Flooxplay, S.L.U.	Madrid	100
Música Aparte, S.A.U.	Madrid	100
Smartclip Latam, S.L.	Madrid	94.82
Smartclip Hispania, S.L.	Madrid	100
Smartclip Comunicação Ltda	Sao Paulo	76
Smartclip México S.A.P.I. de C.V.	Ciudad de México	99.99
Smartclip Colombia S.A.S	Bogotá DC	100
Smartclip Perú S.A.C	Lima	99.98
Smartclip Argentina S.A.	Buenos Aires	60
Smartclip Chile SPA	Santiago de Chile	100
Adconion Brasil, S.L.	Sao Paulo	99.99
Uniprex, S.A.U.	Madrid	100
Antena 3 Televisión Digital Terrestre de Canarias, S.A.U.	Las Palmas	100
Uniprex Televisión Digital Terrestre de Andalucía, S.L.	Sevilla	74.2
Uniprex Televisión, S.L.U.	Madrid	100
Inversión y Distribución Global de Contenidos S.L.U.	Valencia	100

Fuente: Prepared by the author based on the financial statements of Atresmedia.

In addition, it may exercise significant influence over the management, but not full control, of 6 companies consolidated by the equity method.

B. *MEDIASET ESPAÑA*

The company *Mediaset España Comunicación, S.A.* (formerly known as Gestevisión Telecinco until March 2011) is a Spanish media company that was established in Madrid on 10 March 1989. It belongs to the group of the Italian company *Mediaset*, controlled by the Fininvest group, owned by Silvio Berlusconi.

In December 2009, *Mediaset* and *Grupo PRISA* presented to the CNMC a merger agreement to integrate their free access TV operations. Once this merger was completed, on December 28, 2019, *Mediaset España* acquired Cuatro, and with this business association, the company became the largest audiovisual company in the country in terms of audience share.

So far, the president of the group is Alejandro Echevarría.

The **main activity** is the indirect management of the Public Television Service, commercially exploiting seven TV channels as well as carrying out similar and complementary activities such as: audiovisual production, news agency and advertising promotion.

• SHARE CAPITAL AND SHAREHOLDERS

It has been listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges since 24 June 2004 and since 3 January 2005 *Mediaset España Comunicación, S.A.* is a company listed on the IBEX 35.

During the year 2018, a reduction of the share capital was approved for an amount of EUR 4,641,137, through 9,282,274 own shares, representing 2.76% of the share capital. The capital resulting from this reduction was 163,717,608 euros, represented by 327,435,216 shares with a par value of 0.5 euros.

FIGURE 6. Distribution of *Mediaset's* capital (%).

Headline	31/12/2018
Mediaset S.P.A.	51.63
Market	48.37
Total	100

Fuente: Prepared by the author based on the financial statements of Mediaset.








Mediaset reflects in its individual financial statements in detail the remuneration accrued in 2018 by each of its directors: fixed remuneration of the Committee, attendance fees, fixed and variable remuneration, extraordinary bonus and assigned share rights.

On the other hand, *Atresmedia* does not detail the remuneration of each CEO, but reflects the total amounts allocated each year in terms of remuneration, allowances and insurance premiums to CEO's and Senior management.

• TV CHANNELS

The following figure shows the channels that integrate the group, with a description of each of them and their average audience in 2018.

FIGURE 7. *Mediaset* TV channels.

Channel	Description	Audiences
	It is the channel with the highest audience of the group and the commercial television in Spain. The schedule is generalist and focused on all ages. Most of its space is current affairs and entertainment programmes, contests and reality shows produced by themselves. It also broadcasts sporting events such as the World Cup. Successful programmes: La que se avecina, Gran Hermano, Supervivientes, Sálvame...	14.1 %
	It is the second most watched channel of the group with a generalist schedule also generalist, dedicated to an adult audience, with fiction series, sports spaces, magazines and news. It is well known its space of Deportes Cuatro with Manu Carreño. Successful programmes: Castle, Alerta cobra, Las mañanas de Cuatro, Cuarto milenio...	6 %
	The schedule is targeted at young audiences with fiction series and films. Successful programmes: Friends, CSI, Criminal Minds, House, Camera Café, Aída...	2.9 %
	The schedule reflects the celebrity world, trends and social chronicles. It started as a website and in 2011 it changed to television. Successful programmes: Mercy, Cazamariposas, Grey's Anatomy and multiple Turkish series.	2 %
	This channel is especially targeted at young and urban audiences, with films, series and particularly sports. Successful programmes: Sporting events, Top Gear, Desafío Extremo, Homeland...	1.9 %
	It is the channel dedicated to the little ones. Its schedule is based on children's series. Successful programmes: Ben 10 Challenge, Adventure Time, The Powerpuff Girls...	1.3 %
	This channel was born with the aim of complementing Mediaset's offer of generalist and thematic signals, with programmes of adventure, science, history and mystery. Successful programmes: Planeta Calleja, En el punto de mira, Frank de la Jungla, Desafío Extremo...	0.6 %

Source: Prepared by the author.

• CONSOLIDATED AND ASSOCIATED GROUP COMPANIES

The company has holdings through consolidation by global integration in 10 companies of the sector based in Spain.

FIGURE 8. Companies consolidated by the global integration method.

Corporate name	Registered office	%
Grupo Editorial Tele 5, S.A.U.	España	100
Telecinco Cinema, S.A.U.	España	100
Publiespaña, S.A.U.	España	100
Conecta 5 Telecinco, S.A.U.	España	100
Mediacinco Cartera, S.L.U.	España	100
Publimedia Gestión, S.A.U.	España	100
Advertisement 4 Adventure, S.L.U.	España	100
Producción y Distribución de Contenidos Audiovisuales Mediterráneo, S.L.U.	España	100
Netsonic, S.L.U.	España	100
Concursos Multiplataformas, S.A.U.	España	100

Source: Prepared by the author based on the financial statements of Mediaset.

In addition, *Mediaset* participates in 12 companies consolidated by the equity method, in which it does not have the full control, but has the capacity to exercise significant influence through agreements with the other shareholders.

3. Analysis of the composition of the companies

It should be recalled that the main income obtained by *Mediaset* and *Atresmedia* is due to advertising investment, and since the crisis of 2008 they have been suffering fluctuations. In the case of *Mediaset*, the year with the highest revenue was 2011 with an income of 1,022,198 thousand euros, and the worst was 2009 with an income of 630,113 thousand euros. In the case of *Atresmedia*, the year with the highest revenue was 2016 with 802,882 thousand euros, and the worst year was 2009 with 555,303 thousand euros. 2009 was the worst year, as it was the first year to suffer the consequences of the 2008 crisis explosion.

The purpose is to study the companies financial position, according to their assets, liabilities and equity. Horizontal and vertical indicators will be applied to study their relative weight.

3.1. Horizontal analysis

This analysis is a trend indicator that determines the variation that each item in the financial statements has suffered in one period with compared to the previous one.

The results for 2014 have been taken as a base year, studying the evolution of the subsequent years. The following figures show the evolution of these percentages for both companies.

TABLE 1. Horizontal percentages evolution. *Atresmedia*.

ATRESMEDIA	2015	2016	2017	2018
Non-Current Assets	-3.96 %	-7.62 %	-8.77 %	-17.18 %
Current Assets	8.25 %	19.96 %	19.38 %	23.15 %
Equity	6.56 %	13.53 %	-4.43 %	-11.02 %
Non-Current Liabilities	-0.61 %	-33.99 %	6.72 %	65.44 %
Current Liabilities	-0.85 %	12.97 %	10 %	-11.03 %
Net Revenue	8.53 %	14.01 %	13.56 %	9.97 %
Operating Income	18.55 %	49.73 %	56.59 %	34.29 %
Net Profit	97.87 %	175.22 %	203.52 %	81.51 %

Source: Prepared by the author based on the financial statements of Atresmedia.

TABLE 2. Horizontal percentages evolution. *Mediaset*.

MEDIASET	2015	2016	2017	2018
Non-Current Assets	-5.17 %	-11.33 %	-17.53 %	-25.53 %
Current Assets	-9.27 %	-15.28 %	-22.51 %	-17.44 %
Equity	-9.86 %	-19.08 %	-28.43 %	-30.31 %
Non-Current Liabilities	39.69 %	-1.62 %	-24.70 %	-49.34 %
Current Liabilities	3.13 %	10.59 %	15.44 %	6.63 %
Net Revenue	3.90 %	9.38 %	10.14 %	9.49 %
Operating Income	102.54 %	59.10 %	94.05 %	119.68 %
Net Profit	179.18 %	145.49 %	174.61 %	191.99 %

Source: Prepared by the author based on the financial statements of Mediaset.

Concerning *Atresmedia's* balance sheet accounts, it is observed that Non-Current Assets present a negative growth trend while Current Assets present a positive one. In terms of Equity and Liabilities, both reached their maximum and minimum in 2016 respectively, so in Equity and Current Liabilities a decrease is observed until 2018, as opposed to Non-Current Liabilities, which increase in the same period.

The P&L account has increased in each of these three aspects with respect to 2014, reaching its maximum values in 2016 and 2017 and then suffering a decrease in 2018, which is quite significant in the Net Profit, because the growth was 203% in 2017 and in 2018 the growth compare to 2014 was 81%.

The situation in the balance sheet in *Mediaset* is a slightly different one, as all its components suffer decreases with respect to 2014, except for Current Liabilities, which increases by 6.63%, after suffering a decrease compared to 2017.

Regarding the P&L account, the Operating Income and the Net Profit are noteworthy, due to the large increase with respect to 2014.

3.2. Vertical analysis

The vertical analysis shows which proportion each item represents in a group, allowing a quick appreciation of the composition of the financial assets and liabilities.

TABLE 3. Vertical percentages evolution. *Atresmedia*.

ATRESMEDIA	2014	2015	2016	2017	2018
Non-Current Assets	53.08 %	50.09 %	46.56 %	46.37 %	43.21 %
Current Assets	46.92 %	49.91 %	53.44 %	53.63 %	56.79 %
Equity	34.77 %	36.41 %	37.48 %	31.82 %	30.41 %
Non-Current Liabilities	16.70 %	16.31 %	10.47 %	17.07 %	27.16 %
Current Liabilities	48.53 %	47.28 %	52.05 %	51.11 %	42.43 %
Net Revenue	100 %	100 %	100 %	100 %	100 %
Advertising Revenue	100 %	100 %	100 %	100 %	100 %
Personnel Expenses	6.68 %	5.88 %	6.23 %	5.72 %	5.77 %
Operating Income	10.79 %	10.79 %	14.17 %	14.88 %	13.18 %
Net Profit	6.42 %	11.71 %	15.51 %	17.17 %	10.60 %

Source: Prepared by the author based on the financial statements of Atresmedia.

TABLE 4. Vertical percentages evolution. *Mediaset*.

MEDIASET	2014	2015	2016	2017	2018
Non-Current Assets	66.31 %	67.29 %	67.32 %	67.69 %	63.97 %
Current Assets	33.69 %	32.71 %	32.68 %	32.31 %	36.03 %
Equity	77.89 %	75.13 %	72.17 %	69.00 %	70.32 %
Non-Current Liabilities	1.20 %	1.79 %	1.35 %	1.12 %	0.79 %
Current Liabilities	20.91 %	23.08 %	26.48 %	29.88 %	28.89 %
Net Revenue	100 %	100 %	100 %	100 %	100 %
Advertising Revenue	98.80 %	98.92 %	98.54 %	98.78 %	98.77 %
Personnel Expenses	11.33 %	11.17 %	10.65 %	11.13 %	11.62 %
Operating Income	7.50 %	14.63 %	10.91 %	13.22 %	15.05 %
Net Profit	8.34 %	22.41 %	18.72 %	20.79 %	22.25 %

Source: Prepared by the author based on the financial statements of Mediaset.

In *Atresmedia*'s case, the composition of the financial structure is fairly spread out, although external financing predominates, due to the 70% weight of liabilities. Non-Current Liabilities have been getting more and more importance, while internal financing and Current Liabilities have been losing it. The structure of *Mediaset* is completely different, since Non-Current Assets and Equity predominate. During the analysed periods it has always presented a low percentage of Non-Current Liabilities, reaching almost 1% in 2018.

Regarding the analysis of the P&L account, considering that for both companies the Net Revenue has been taken as a reference, practically the total volume of revenues is due to Advertising Revenues.

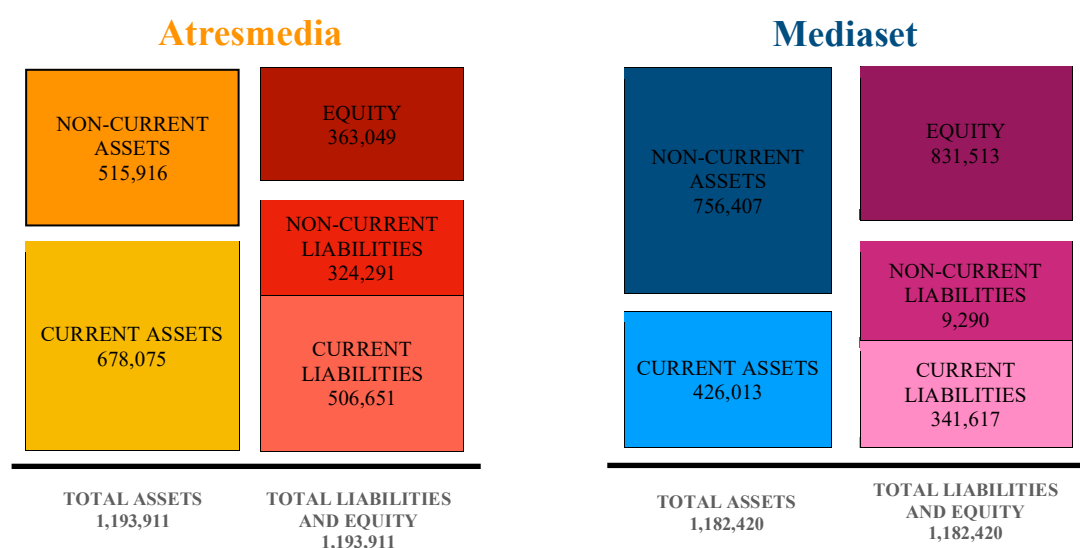
Personnel expenses are higher in *Mediaset*, around 11%, while in *Atresmedia* they are around 6%.

Regarding the Net Profit, *Atresmedia* had a rise until 2017, which then decreased in 2018. On the other hand, *Mediaset* practically had a positive growth trend until 2018.

3.3. Companies Financial Position

The composition of the financial assets and liabilities is used to give a base knowledge of the balance sheets of these companies. The data are obtained from the balance sheets of the companies in the 2018 financial statements. In the following figure the goods and rights of the Assets (economic structure) are considered opposite to the sources of financing, where the Liabilities and Equity (financial structure) are found.

FIGURE 9. Structure and composition of the financial assets and liabilities. *Atresmedia* and *Mediaset*. (Thousands of euros).



Source: Prepared by the author based on the financial statements.

A comparison of the structure of the two companies shows that they have a similar total size. This is due to the fact that on the one hand *Atresmedia* has much more financial debt, both short term and long term, than *Mediaset*, which makes it have a bigger Liability. However, *Mediaset's* Equity figure is 831,513 thousand euros compared to 363,049 thousand euros for *Atresmedia*. The assets

are financed in a reverse way, since *Atresmedia* has financed most of them with 69.59% of financial debt while *Mediaset* finances most of it with 70.32% of equity. The advantage of internal financing is that no guarantees are required, and it is faster, as well as not involving a disbursement to another organization: financial expenses are reduced. Although, these resources are limited and as the profit is not distributed, the profitability of the company is lower.

Based on these large financial assets and liabilities, the financial situation of the companies is analysed.

4. Financial analysis

The financial analysis warns about the situation of the resources used by the company to develop its economic activity and analyzes if these are used properly. Therefore, this analysis will verify whether the financing is adequate and under circumstances of appropriate profitability.

This analysis aims to check if the company is in a balanced state with respect to two aspects:

- A. Equity balance: it is analyzed if the financial assets and liabilities keep an adequate proportion.
- B. Financial balance: it analyzes if the company is able to face the payments, if it presents liquidity and balances its obligations and debts. This balance is determined by the ability to respond with the liquidity of the assets to the enforceability of the debts.

The analysis of these two companies will consist of a number of techniques and procedures that allow the analysis of the accounting information of the companies, the composition of the Assets as investment as well as the composition of the Liabilities and Equity as financing.

4.1. Liquidity and solvency

- **Working capital**

From an investment point of view, working capital is the difference between Current Assets and Current Liabilities, in other words, the part of Current Assets that remains after short-term debts have been settled.

From the financing point of view, it is defined as the part of the Current Assets that is financed with Permanent Resources after deducting the part financed by the Current Liabilities.

It is calculated using this formula:

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

As long as the Working Capital is positive, the company will have no problem dealing with short-term debts. On the other hand, if it is negative, it means that the company could present problems in facing those short-term payment obligations, which could mean going into suspension of payments.

TABLE 5. Working capital evolution. *Atresmedia* and *Mediaset*. (Thousands of euros).

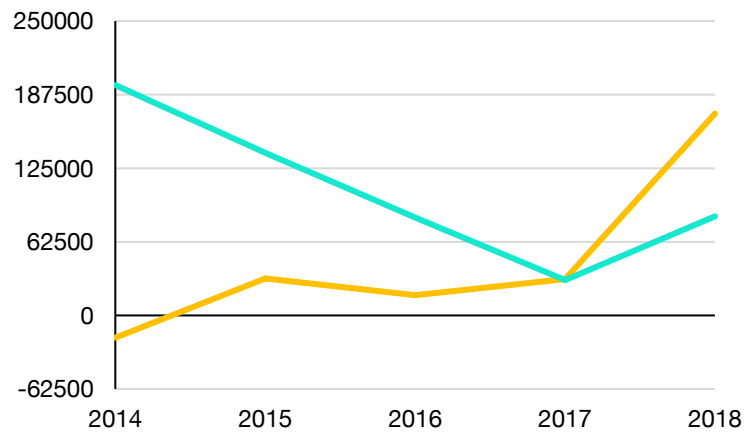
	2014	2015	2016	2017	2018
<i>Atresmedia</i>	(18,884)	31,386	17,201	30,836	171,424
<i>Mediaset</i>	195,632	137,761	82,832	30,013	84,396

Source: Prepared by the author based on the financial statements.

It can be seen that both companies converged in 2017 with practically the same proportion of Current Assets financed by permanent resources. In contrast, there is a huge difference in 2018.

Atresmedia had been showing low levels of working capital since 2014, with a negative value in the same year. However, this rate has been improving with the increase of the fund until 2018, except for a relapse in 2016, mostly by increasing its Non-Current Liabilities, the financial debt, specifically in the item of bonds and other negotiable securities, in order to diversify the debt and not to focus its majority on the short term. On July 11, it launched a 5-year Series A Senior bond emission of US\$75,000,000 and a Series B Senior bond emission of US\$125,000,000, targeted at US institutional investors.

FIGURE 10. Working capital evolution. *Atresmedia* and *Mediaset*. (Thousands of euros).



Source: Prepared by the author.

Regarding *Mediaset*, the working capital also increased but in a smaller proportion compared to 2017. It presents a negative trend from 2014 to 2017 due to a decrease in Current Assets derived from having less value in the item of *Cash and cash equivalents* added to an increase in Current Liabilities, especially in the items of *Current payables to group companies and associates* and *Trade and other payables*. The growth presented in 2018 is due to the fact that they corrected the mismatches by having more liquid assets and less debt with creditors.

In 2018, *Atresmedia* consolidates itself as the company with the highest capacity to finance its current obligations with more liquid assets.

• Solvency ratio

This ratio measures the ability of a company to fulfil its payment obligations, that is, the ability of the company to avoid insolvency. Thus, the higher the value, the greater the capacity of each company to pay its debts.

$$\text{Solvency} = \frac{\text{Assets}}{\text{Liabilities}}$$

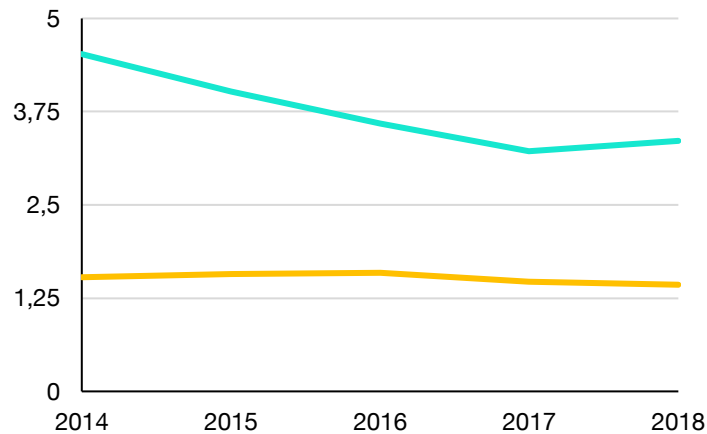
The values this ratio should have will always be greater than 1, although preferably the value should be greater than 1.50, and the higher it is, the easier it will be to face the payment obligations. However, a value that is too high can mean a very high contribution from Equity and therefore negatively affect the profitability of the company. On the other hand, if the value was equal to 1 it would mean that there is no Equity, so we would talk about a technical bankruptcy.

TABLE 6. Solvency ratio evolution. *Atresmedia* and *Mediaset*.

	2014	2015	2016	2017	2018
<i>Atresmedia</i>	1.533	1.572	1.599	1.466	1.436
<i>Mediaset</i>	4.522	4.021	3.592	3.225	3.360

Source: Prepared by the author based on the financial statements.

FIGURE 11. Solvency ratio evolution. *Atresmedia* and *Mediaset*.



Source: Prepared by the author.

There is a huge difference between the ratio of *Atresmedia* and *Mediaset* during the five years analysed. *Atresmedia*'s ratio has remained almost unchanged, as the line is quite straight, while *Mediaset*'s has suffered a small decrease, due to the fact that they had fewer investments in group companies.

Atresmedia has a rating near 1.50, which indicates that the entity's level of solvency is sufficient to face the payments of financial debts, even so it is a very fair level, which should increase in order to strengthen the position. They can improve the ratio by increasing assets through a capital increase or reducing liabilities by settling part of the debts.

In the opposite situation is *Mediaset*, which duplicates the optimal ratio. This position means, in addition to the fact that they are very capable of settling their debts, that there is an excess of unproductive assets, which is not at all recommended. They can reduce this ratio by decreasing their assets by distributing dividends or by returning contributions to the shareholders, or by increasing their liabilities by purchasing goods/services through loans instead of paying cash, and this way part of the assets could also be invested to obtain more profitability.

- **Liquidity ratio**

This ratio measures the company's ability to pay its debts, like the previous ratio, but in short-term. It shows the proportion of current liabilities that are covered by assets that are convertible into cash when debts are due. Thereby, it measures the proportion in which the convertible assets into cash, that is, Current Assets, cover the rights of the current creditors.

$$Liquidity = \frac{Current\ Assets}{Current\ Liabilities}$$

The appropriate value for this ratio is around 1, but it is recommended to be between 1.5-2. The higher its value, the greater the liquidity of the company and it will be able to deal with its obligations in the short-term, although an excess of liquidity could mean that there are assets that are not being productive so it would be decreasing the productivity of the company.

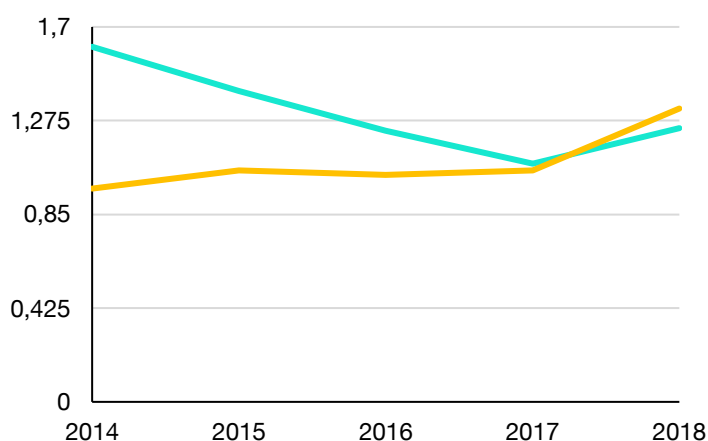
TABLE 7. Liquidity ratio evolution. *Atresmedia* and *Mediaset*.

	2014	2015	2016	2017	2018
<i>Atresmedia</i>	0.967	1.055	1.026	1.049	1.338
<i>Mediaset</i>	1.611	1.416	1.233	1.081	1.247

Source: Prepared by the author based on the financial statements.

The table shows that practically both companies have always been above 1, except in 2014 in *Atresmedia*. In its situation, from 2014-2017 it was closer to the value of 1, it has been in 2018 when this ratio was closer to 1.5, because of presenting less debt in its Current Liabilities. Even so, they cannot enjoy tranquility in relation to their short-term payment obligations, since it is not in the optimum range.

FIGURE 12. Liquidity ratio evolution. *Atresmedia* and *Mediaset*.



Source: Prepared by the author based on the financial statements.

On the other hand, *Mediaset* presented a good ratio in 2014 that was decreasing until 2017, to reach the value of 1.24 in 2018. This decrease was due to the presence of less *Investment in group companies and associated* and less *Cash and cash equivalents* in its assets. The increase in cash in 2018 brought this ratio back to the 2016 situation. As in *Atresmedia*, it is not considered an optimal value so they do not have complete confidence to settle short-term debts. Even so, *Atresmedia* has the best ratio.

- **Acid-test ratio**

The acid-test ratio refers to the company's shortest-term solvency, although it has the same denominator as the previous ratio, its numerator has only the most liquid assets over total Current Assets, that is, current financial investments and accounts receivable. Therefore, *Inventories* are excluded from Current Assets. It measures a company's most immediate ability to handle its short-term payment commitments.

$$\text{Acid} - \text{test} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

Normally, this ratio provides us lower values than the short-term solvency ratio, since it does not take into account the companies' inventories.

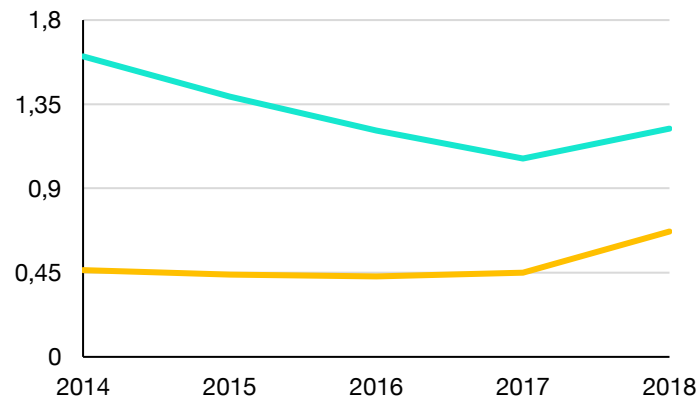
The optimum value would be close to the unit. Values below this rate would mean a higher risk of suspension of payments. On the other hand, if the value is too high, it means that there is an excess of liquidity, losing profitability by presenting idle assets, which could be invested in other projects.

TABLE 8. Acid-test ratio evolution *Atresmedia* and *Mediaset*.

	2014	2015	2016	2017	2018
<i>Atresmedia</i>	0.465	0.435	0.431	0.452	0.668
<i>Mediaset</i>	1.606	1.397	1.214	1.065	1.218

Source: Prepared by the author based on the financial statements.

FIGURE 13. Acid-test ratio evolution. *Atresmedia* and *Mediaset*.



Source: Prepared by the author.

Atresmedia provides very different values to those of the solvency ratio, because the company counts the "Programme Rights" in *Inventories* instead of in *Intangible Assets*, where the rights have an approximate value of 350,000 thousand euros. They have maintained very low short-term solvency levels during 2014-2017, which means that in those years they found themselves in a situation where they did not have sufficient liquid assets to face payments to third parties, and it could have been a serious problem to continue with such a low rate for a long time. This is one reason why they turn to obligations under finance leases. In 2017 they formalized a new funding with a limit of 350,000 thousand euros, whose funds were used to cancel a previous funding and cover general and cash needs.

On the other hand, *Mediaset* shows indices above the unit during all the years. This means high liquidity, which indicates a comfortable financial situation.

• **Availability ratio**

This indicator measures the company's ability to deal with short-term payables, current debts and creditors, through its cash flow and current financial investments. It differs from the acid-test by not taking into account debts and other receivables from debtors, only resources that are liquid or can be liquid quickly, so it measures the company's immediate solvency.

$$Availability = \frac{Current\ Investments + Cash\ and\ cash\ equivalent}{Current\ Liabilities}$$

It is difficult to establish an optimal value for all companies, but it is generally set as a normal value between 0.1 and 0.3. It will also depend on the speed of collecting and paying.

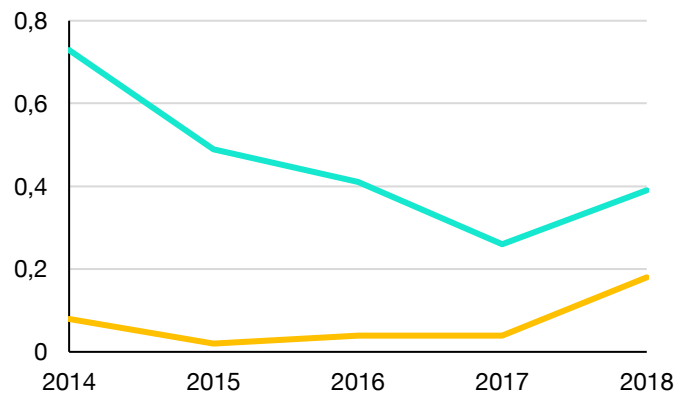
TABLE 9. Availability ratio evolution. *Atresmedia* and *Mediaset*.

	2014	2015	2016	2017	2018
<i>Atresmedia</i>	0.079	0.026	0.046	0.042	0.182
<i>Mediaset</i>	0.729	0.494	0.412	0.263	0.386

Source: Prepared by the author based on the financial statements.

Atresmedia's values are generally low, especially for the years 2015-2017, which it has managed to increase in 2018 to over 0.1, although it is more acceptable to be close to 0.3. This increase is due to the fact that there is more cash plus a decrease in the short-term requirement.

FIGURE 14. Availability ratio evolution. *Atresmedia* and *Mediaset*.



Source: Prepared by the author.

On the other hand, *Mediaset* has values within the desired range, so they will have no problem to pay. In 2014 they showed a very high ratio, which meant excess of assets that were not being productive. That value was adjusted during the following years until 2018, which again exceeded 0.30, so it does not present any difficulty in obtaining liquid resources.

4.3. Financial structure ratios

- **Debt-to-equity ratio**

The indebtedness objective is to measure the relations between the two forms of financing of the company, Internal Resources and External Resources. This way, it will be possible to know if the amount of the entity's debts is adequate for the amount of Equity it holds. This is one of the ratios that financial institutions value most when granting risks to companies. Even if two companies have the same level of debt, it is not the same thing if one company has a high level of short-term debt and the other has a high level of long-term debt, since in the first situation greater financial tensions can occur, due to the short-term nature and high percentage of this type of debt.

Therefore, general indebtedness can be decomposed into long-term debt and short-term debt:

$$Debt\ to\ equity = \frac{Liability}{Equity}$$

$$Short - term\ Debt\ to\ equity = \frac{Current\ Liabilities}{Equity}$$

$$Long - term\ Debt\ to\ equity = \frac{Non - Current\ Liabilities}{Equity}$$

The ratio indicates how many euros of external financing the company has for each euro of internal financing. The generally accepted criteria for the general ratio is that the optimum value of the debt-to-equity ratio is the one that is around the unit, so that internal resources are equal to external resources.

TABLE 10. Debt-to-equity ratio evolution. *Atresmedia*.

Atresmedia	2014	2015	2016	2017	2018
<i>General</i>	1.876	1.746	1.668	2.142	2.288
<i>Short-term</i>	1.396	1.298	1.288	1.606	1.395
<i>Long-term</i>	0.480	0.448	0.280	0.536	0.893

Source: Prepared by the author based on the financial statements of Atresmedia.

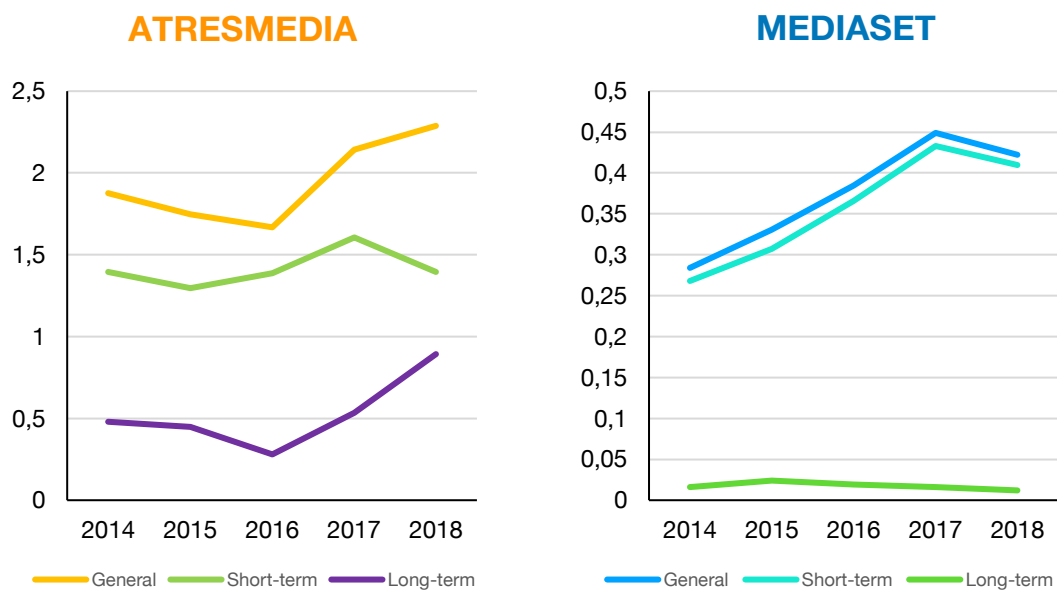
TABLE 11. Debt-to-equity ratio evolution. *Mediaset*.

Mediaset	2014	2015	2016	2017	2018
<i>General</i>	0.284	0.331	0.385	0.449	0.422
<i>Short-term</i>	0.268	0.307	0.366	0.433	0.410
<i>Long-term</i>	0.016	0.024	0.019	0.016	0.012

Source: Prepared by the author based on the financial statements of Mediaset.

The figures show the different indebtedness behaviour of the two companies.

FIGURE 15. Debt-to-equity ratio evolution. *Atresmedia* and *Mediaset*.



Source: Prepared by the author.

Atresmedia records values above the unit in terms of general indebtedness, which means that the financial composition of this company is mostly composed of external financing. Even so, it has suffered an improvement, since in 2014 long-term external financing represented 25.58% of the general indebtedness, reaching 39.03% in 2018. As already mentioned, it is more dangerous to focus debt in the short-term, and as *Atresmedia* is a company with so much external financing, it is important to relocate part of the financing to the long-term.

By contrast, *Mediaset's* general indebtedness results are below unity, which indicates that the company's financial structure is mostly dominated by Equity, which is even more than double its liabilities. In 2014, *Mediaset* had only 28% of general indebtedness, which was mainly composed of short-term debt, that is 94%. Therefore a large percentage was entirely self-financed. This ratio increased in 2018 since the percentage of indebtedness was over 42%, formed by 97.35% of short-

term debt. This is due to the fact that the main source of external financing are trade accounts payables and short-term loans.

Overall, *Atresmedia* is more in danger of falling into debt than its competitor. The quality of the debt is not very good, as both companies concentrate mainly on short-term debt. Even so, *Mediaset*'s situation is better.

• Financial autonomy ratio

This ratio assesses a company's ability to finance itself. It is the relation between the company's own capital and the total permanent capital necessary for its financing. In other words, it is a financial ratio that measures the level of dependence that a company has on its creditors according to the amount of existing debt. It is another way of evaluating the financial risk presented by the company as we have done with indebtedness, only inversely.

$$\text{Financial autonomy} = \frac{\text{Equity}}{\text{Liability}}$$

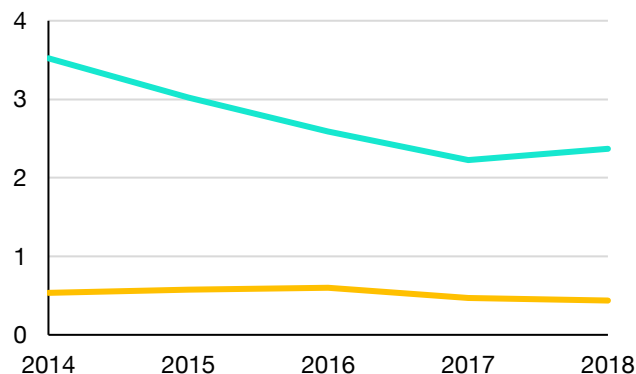
The higher this value, the greater the autonomy experienced by the company and the greater the company's ability to fulfil its long-term financial commitments. The share capital is a guarantee of the company's solvency; if it is insufficient, creditors will require special guarantees.

TABLE 12. Financial autonomy ratio evolution. *Atresmedia* and *Mediaset*.

	2014	2015	2016	2017	2018
<i>Atresmedia</i>	0.533	0.572	0.599	0.466	0.436
<i>Mediaset</i>	3.522	3.020	2.592	2.225	2.369

Source: Prepared by the author based on the financial statements.

FIGURE 16. Financial autonomy ratio evolution. *Atresmedia* and *Mediaset*.



Source: Prepared by the author.

The figure shows the huge difference in financial autonomy between *Atresmedia* and *Mediaset*.

Mediaset offers very high ratios which translate into having sufficient resources to face their payment obligations. This corroborates the information obtained by the indebtedness ratios, because *Mediaset* has greater independence in the financial area than *Atresmedia*, who has a fairly low ratio, since its financing is mostly constituted by external funding. This means that it is more financially dependent and therefore less able to attend to its spending needs with its internal resources.

5. Economic analysis

Economic analysis studies the results obtained over a period of time by a company, that is, its income and expenses. To do this, it studies the trend of its evolution and its structure. This analysis must be executed through an exploration of the content of the Profit and Loss accounts which must consider the general principles of the Spanish General Accounting Plan.

We can distinguish two types of profitability to analyze the economic structure:

- Return of Assets (ROA): it is the proportion between the profit achieved in a certain period and the total assets of the company.
- Return on Equity (ROE): it measures precisely the profitability of the capital used in an investment.

Those interested to know the economic studies of the company, besides the company itself, are the suppliers, customers, shareholders, competitors and whoever is interested to know the situation of the company.

5.1. Return of Assets

The analysis of Return of Assets, also called ROA, is the proportion between the earnings before interests and taxes (gross profit) and the average total assets. It measures a company's efficiency in using its economic resources to obtain a profit.

This profitability is independent of how the company obtains the financing of its assets, in other words, it does not depend on the financial structure. By using the earnings before interest and tax,

it is a profit that depends only on the activities performed by the company with its assets and it is not affected by the financial structure.

This is expressed as follows:

$$\text{Return of Assets} = \frac{EBIT}{\text{Average Total Assets}}$$

The previous formula is a way of calculating the ROA without taking into account other magnitudes such as the combination of profit margin and the total asset turnover, so the return of assets can also be calculated from the following expression:

$$ROA = \text{Profit margin} \times \text{Total asset turnover}$$

This would mean that the profit margin is equal to the quotient of the Earnings Before Interest and Taxes (EBIT) and the net revenue, the same as the profitability generated by a monetary unit sold. The higher the value of the ratio, the higher the profit that the unit sold produces.

$$\text{Profit margin} = \frac{EBIT}{\text{Net Revenue}}$$

The second factor in ROA is the total asset turnover, which measures the effectiveness of assets use and relates sales to the total investment effected (total assets). In other words, it expresses the number of monetary units sold for each monetary unit invested.

$$\text{Total asset turnover} = \frac{\text{Net Revenue}}{\text{Average Total Assets}}$$

Based on the expressions above, a company can improve its ROA by increasing its profit margin or by increasing asset turnover, although both situations can also occur.

• ROA of *ATRESMEDIA*

The following table and figure show the evolution of the profit margin of the company *Atresmedia*.

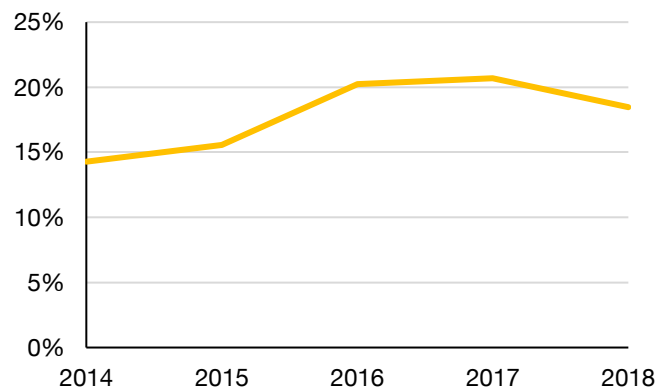
TABLE 13. Profit margin evolution. *Atresmedia*. (Thousands of euros).

	2014	2015	2016	2017	2018
EBIT	100,586	119,084	162,611	165,423	142,853
Net Revenue	704,188	764,232	802,882	799,712	774,424
PROFIT MARGIN	14.28%	15.58%	20.25%	20.69%	18.45%

Source: Prepared by the author based on the financial statements of Atresmedia.

It can be seen that the profit margin had an increase of 42% and 45% in 2016 and 2017 with respect to 2014, finally decreasing to 18.45% in 2018. This is due to the fact that throughout the year 2018, a negative view of the free access TV business has been crystallizing all over Europe.

FIGURE 17. Margin profit evolution. *Atresmedia*.



Source: Prepared by the author.

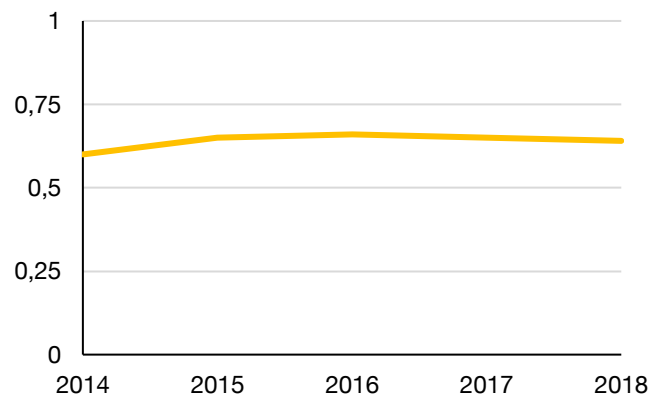
The lower consumption of television by spectators, the growing penetration of on-demand audiovisual offers released in previous years and the consideration of digital advertising as an alternative to television advertising are affecting *Atresmedia*'s main business (television advertising revenues).

TABLE 14. Total asset turnover evolution. *Atresmedia*. (Thousands of euros).

	2014	2015	2016	2017	2018
<i>Net Revenue</i>	704,188	764,232	802,882	799,712	774,424
<i>Average Total Assets</i>	1,182,717.5	1,183,920	1,215,144.5	1,230,802.5	1,209,797.5
TOTAL ASSET TURNOVER	0.60	0.65	0.66	0.65	0.64

Source: Prepared by the author based on the financial statements of Atresmedia.

As can be seen, the line is practically horizontal, due to the fact that the increases and decreases in net revenues that have occurred during the years under analysis have been accompanied by the same type of movement in the company's average assets. Even so, there is a small final improvement compared to 2014.

FIGURE 18. Total asset turnover evolution. *Atresmedia*.

Source: Prepared by the author.

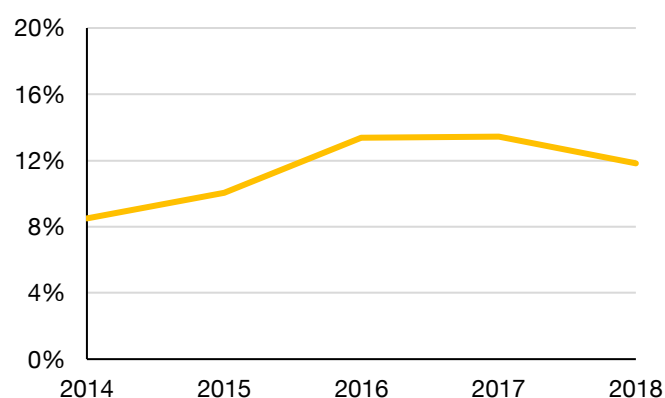
Now that the Profit Margin and Total Asset Turnover are known, the following figure shows the ROA of the company *Atresmedia*:

TABLE 15. ROA evolution. *Atresmedia*.

	2014	2015	2016	2017	2018
<i>Profit Margin</i>	14.28%	15.58%	20.25%	20.69%	18.45%
<i>Total Asset Turnover</i>	0.60	0.65	0.66	0.65	0.64
ROA	8.50%	10.06%	13.38%	13.44%	11.81%

Source: Prepared by the author based on the financial statements of Atresmedia.

FIGURE 19. ROA evolution. Atresmedia.



Source: Prepared by the author.

The figure shows that the ROA, or return of assets, remains fairly similar to the one shown by the profit margin, with a rise until 2017 and then a decrease to 11.81% in 2018. The trend in ROA is basically based on the evolution of the Profit Margin, exactly on the Earnings Before Interest and Taxes, since during 2016 it obtained more revenues apart from advertising incomes, such as other operating incomes and financial incomes.

• ROA of *MEDIASET*

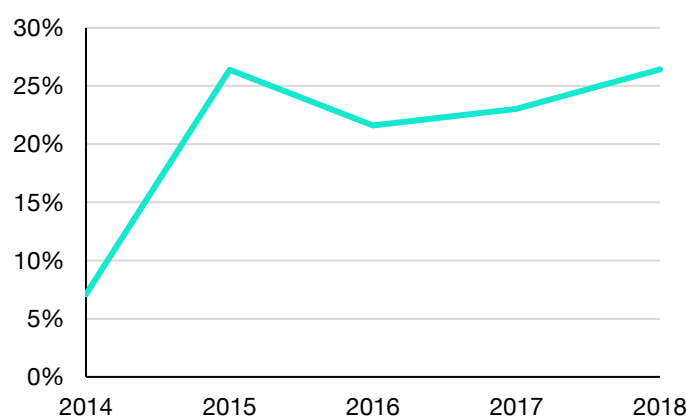
The following table and figure show the evolution of the profit margin of the company *Mediaset*.

TABLE 16. Profit margin evolution. *Mediaset*. (Thousand of euros).

	2014	2015	2016	2017	2018
<i>EBIT</i>	51,046	197,272	169,947	182,360	208,034
<i>Net Revenue</i>	718,829	746,895	786,273	791,741	787,031
PROFIT MARGIN	7.10%	26.41%	21.61%	23.03%	26.43%

Source: Prepared by the author based on the financial statements of Mediaset.

FIGURE 20. Profit margin evolution. Mediaset.



Source: Prepared by the author based on the financial statements.

In the figure we can see the great increase the Profit Margin suffered from 2014 to 2015. This is due to the fact that *Mediaset* had been showing bad results in 2013, since they obtained a negative net profit, and in 2014 they still had a negative value in items that caused the drop from 718,829 thousand euros in sales to 51,046 thousand euros in earnings before tax, especially in *Impairment and gains/(losses) on financial instruments disposal*, which in 2014 had a value of (65,066) thousand euros and in 2015 16,230 thousand euros. Subsequently, the events between 2016 and 2017 that caused the decrease in the Profit Margin were the higher proportion of additions to assets than removals, and therefore new amortization and depreciation was recognised, which reduced earnings before tax. So, although the net revenue increased, the EBIT did not, causing the decrease in 2016 of 22% with respect to 2015.

Mediaset has higher ratios than *Atresmedia* in all the years analysed, except for 2014 when its value was the lowest at 7.10%. Therefore, with similar sales volumes, *Mediaset* maintains higher profits than those generated by *Atresmedia*.

TABLE 17. Total asset turnover evolution. Mediaset. (Thousands of euros).

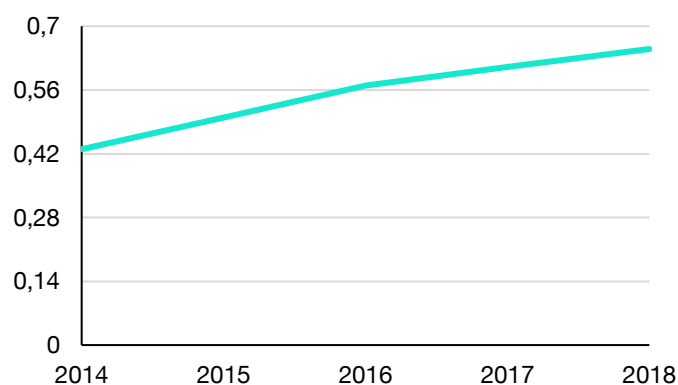
	2014	2015	2016	2017	2018
Net Revenue	718,829	746,895	786,273	791,741	787,031
Average Total Assets	1,658,559	1,481,640.5	1,384,656.5	1,287,696.5	1,209,994
TOTAL ASSET TURNOVER	0.43	0.50	0.57	0.61	0.65

Source: Prepared by the author based on the financial statements of Mediaset.

The previous table represents the Total Asset Turnover of the company *Mediaset*, which is characterized by a continuous growth, going from 0.43 in 2014 to 0.65 in 2018, which represents

an increase of 51.16% over 2014. This rising trend is due to the increase in net revenue (the numerator) adding to the decrease in average total assets, that is, assets that were not being efficient for the company have been removed.

FIGURE 21. Total asset turnover evolution. *Mediaset*.



Source: Prepared by the author.

Atresmedia presented better ratios in previous years due to its higher net revenue and lower average total assets, but in 2018 they have converged, so both companies show the same level of efficiency with their assets.

As with *Atresmedia*, now that the profit margin and total asset turnover is known, the following graphic shows the ROA of *Mediaset*:

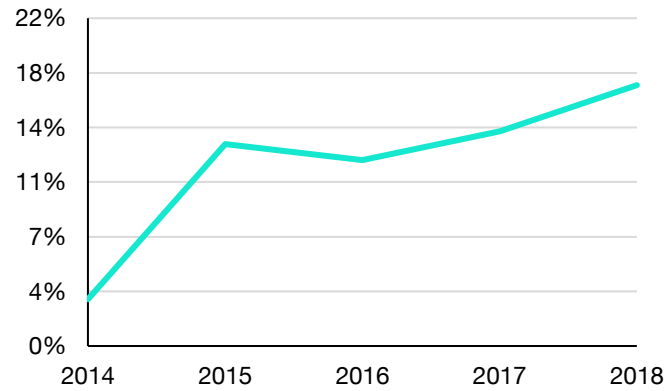
TABLE 18. ROA evolution. *Mediaset*.

	2014	2015	2016	2017	2018
Profit Margin	7.10%	26.41%	21.61%	23.03%	26.43%
Total Asset Turnover	0.43	0.50	0.57	0.61	0.65
ROA	3.08%	13.31%	12.27%	14.16%	17.19%

Source: Prepared by the author based on the financial statements of Mediaset.

Mediaset's Return of Asset increased from 3.08% in 2014 to 17.19% in 2018, 58.17% more than in 2014, except for 2016 due to the increase in amortization.

FIGURE 22. ROA evolution. *Mediaset*.



Source: Prepared by the author.

If we compare the economic management of both companies, we see that *Atresmedia* ends 2018 with a negative trend in Return of Assets, although in 2016 it was higher than *Mediaset*. On the other hand, *Mediaset* shows a positive trend since 2016, precisely the year in which it was below *Atresmedia*. Therefore, it is *Mediaset* who presents a better economical profitability.

5.2. Return on Equity

The Return on Equity, also called ROE, describes the growth rate of a company's profits. This profitability is closer to the shareholders or owners of the company than the ROA, taking into account the capital structure of the company. It is the return on the total investments made by the owners of the company, connecting the profit that the company achieves in net terms and the investment the owners have made.

Its calculation is as follows:

$$\text{Return on Equity} = \frac{\text{Net Profit}}{\text{Average Total Equity}}$$

When analysing Return on Equity, the connection between ROA and ROE must be taken into account. This interaction is determined by the average indebtedness and its cost.

So, as with the Return of Assets, the Return on Equity can also be disaggregated to analyze its components. This is how the new formula is presented:

$$\text{ROE} = \text{ROA} + (\text{ROA} - i) \times \frac{\text{Average Total Liability}}{\text{Average Equity}}$$

The ROE can be analyzed through the effect of two components. The first is defined by the economic management of the assets and the second determines the financial management of the debt, which is defined by the impact of the financial leverage.

When the financial leverage has a positive effect, which is the same, the ROA is higher than the cost of the debt (i), it produces an increase in ROE, so the company may be financed with external resources.

So, when ROE and ROA match, it means that the company has no external financing, or the cost of the debt is very similar to the Return of Assets acquired. However, the ROE is normally higher than the ROA, because companies get into debt with the aim of obtaining greater profitability by assuming the risks of external financing.

• ROE de *ATRESMEDIA*

The second formula for Return on Equity will be used to compare it with ROA.

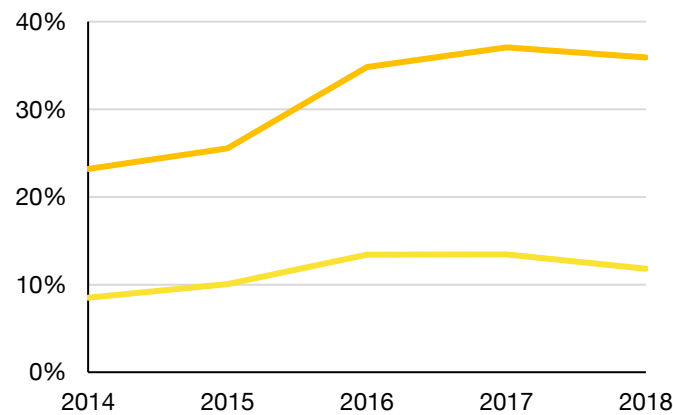
TABLE 19. ROE evolution. *Atresmedia*.

	2014	2015	2016	2017	2018
ROA	8.50%	10.06%	13.38%	13.44%	11.81%
<i>Average Total Liability</i>	807,130.5	762,488	766,098	804,192	833,296
<i>Average Equity</i>	375,587	421,432	449,046.5	426,610.5	376,501.5
<i>Average Indebtedness (L/E)</i>	2.15	1.81	1.71	1.89	2.21
<i>i (FC/ATL)</i>	1.67%	1.49%	0.81%	0.91%	0.92%
ROE	23.19%	25.56%	34.83%	37.06%	35.91%

Source: Prepared by the author based on the financial statements of Atresmedia.

The table shows how the cost of the debt has decreased by 44.91% in 2018 compared to 2014. One reason for the decrease is that liabilities have been increasing over the years, except for 2014 (denominator), which means that the result is lower. The finance costs also suffered this decrease, which in 2014 was 13 million euros, in 2016 6 million, and in 2017 7.5 million euros. Thus, in 2017 there was a 12% increase over 2016.

FIGURE 23. ROE evolution. Atresmedia.



Source: Prepared by the author.

Atresmedia's ROE, like ROA, is on a similar trend. Both have a growing period in 2015-2017 and then in 2018 suffer a small decrease, caused by the reason explained above. This has risen from 23.19% in 2014 to 35.91% in 2018, which means a growth of 54.85%, higher than the ROA which was 38.94%. But the important thing is to see how the ROE is always greater than the ROA, which indicates that the financial costs of the debt is lower than the return on investment.

• ROE of *MEDIASET*

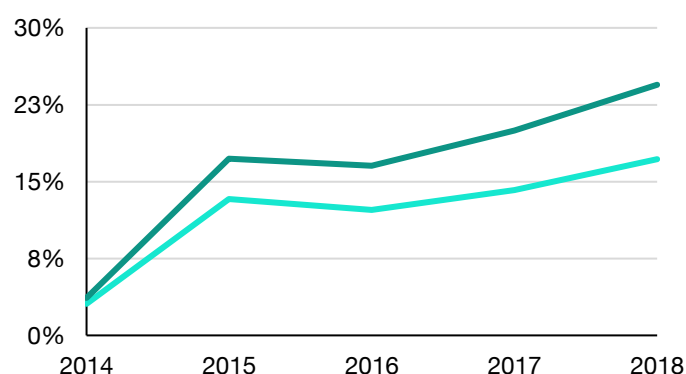
TABLE 20. ROE evolution. Mediaset.

	2014	2015	2016	2017	2018
ROA	3.08%	13.31%	12.27%	14.16%	17.19%
Average Total Liability	346,459	347,377	364,194	377,998.5	367,277
Average Equity	1,312,100	1,134,236.5	1,020,462.5	909,698	842,717
Average Indebtedness (L/E)	0.26	0.31	0.36	0.42	0.44
i (FC/ATL)	0.88%	0.54%	0.36%	0.13%	0.53%
ROE	3.66%	17.23%	16.52%	19.99%	24.45%

Source: Prepared by the author based on the financial statements of Mediaset.

In this case, the cost of debt showed a decrease of 85.23% in 2017 compared to 2014. This was due to the decrease in finance costs from 3 million euros in 2014 to 473 thousand euros in 2017, which corresponds to a decrease of 84.23% with respect to 2014. In 2018, it returned to the value of 2015, with more finance costs and less liabilities.

FIGURE 24. ROE evolution. Mediaset.



Source: Prepared by the author.

The ROE, like the ROA, offered similar values in 2014. They show a rising trend since 2016, when it suffered a decrease due to the increase in amortizations, so the earnings before taxes was lower. In 2014 the ROE reached 3.66%, rising to 24.45% in 2018, an increase of 568%.

Regarding the financial leverage, it is noted that the average liability has increased in 2018 by 20 million euros compared to 2014. Conversely, average equity decreased in all the years analysed, from 1,312,100 thousand euros in 2014 to 842,717 thousand euros in 2018, that is, a decrease of 35.77%. As a result of these changes, there is an increasing trend in the average indebtedness ratio from 0.26 in 2014 to 0.44 in 2018.

5.3. Comparison *Atresmedia* and *Mediaset*

The following figures compare the evolution of ROA and ROE in both companies during the period 2014-2018.

TABLE 21. ROA and ROE evolution. *Atresmedia* and *Mediaset*.

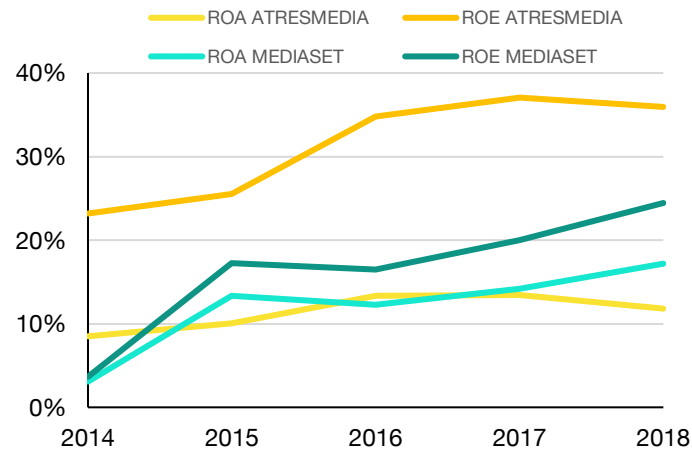
	2014	2015	2016	2017	2018
ROA ATRESMEDIA	8.50%	10.06%	13.38%	13.44%	11.81%
ROA MEDIASET	3.08%	13.31%	12.27%	14.16%	17.19%
ROE ATRESMEDIA	23.19%	25.56%	34.83%	37.06%	35.91%
ROE MEDIASET	3.66%	17.23%	16.52%	19.99%	24.45%

Source: Prepared by the author.

Firstly, it can be seen that the ROE of *Atresmedia* has been higher than the ROE of *Mediaset* during all the years analysed, reaching a difference of 19.53 points in 2014.

It is also remarkable that the difference between ROA and ROE is greater in *Atresmedia* than in *Mediaset*, because even though *Mediaset*'s ROA is higher than *Atresmedia*'s and the cost of debt is lower, the indebtedness presented by *Atresmedia*'s company is higher, so there is an increase in *Atresmedia*'s ROE that does not translate into *Mediaset*'s, since the latter presents indebtedness values below 0.5.

FIGURE 25. ROA and ROE evolution. *Atresmedia* and *Mediaset*.



Source: Prepared by the author.

Therefore, *Mediaset* presents better economic profitability, since with a sales amount and an average total asset similar to *Atresmedia*'s, they obtain a higher profit. On the other hand, *Atresmedia* has a better financial profitability, primarily because it has a higher level of debt than *Mediaset*.

6. Conclusion

When all the results of the analysis performed for the period 2014 - 2018 of the companies *Atresmedia Corporación de Medios de Comunicación, S.A.* and *Mediaset España Comunicación, S.A.* are obtained, the following conclusions can be drawn:

Regarding the strategic analysis, they are the two most important companies in the audiovisual sector in Spain, with a great competition for the audience and advertising, due to their generalist style. Although *Atresmedia* had higher advertising revenues than *Mediaset*, while *Mediaset* was the audience leader, in 2018 *Mediaset* is consolidated as the leader in both aspects.

In terms of economic and financial analysis, the financial assets and liabilities of the companies are different. *Mediaset* has a bigger Non-Current Assets than *Atresmedia*, because the first company counts the "Programme Rights" in *Intangible Assets*, while *Atresmedia* counts it in *Inventories* and, therefore, in Current Assets.

Concerning the financial structure, *Mediaset* is mainly financed by internal funding, about 70% of the financial structure, while *Atresmedia* relies more on external funding, also representing 70% of the total funding. The contrast in the method of financing presented here is clearly visible. *Atresmedia* has been diversifying its debt over the years, since it is gradually diversifying into Non-Current Liabilities, reducing short-term debt. On the other hand, *Mediaset* has been reducing its Equity, and the greater weight of its Liabilities is now practically concentrated in Current Liabilities with 97% of the debt.

Related to the liquidity analysis, *Mediaset's* ratios have always been better than *Atresmedia's*, except in the last year 2018.

This is due, as I mentioned before, to the fact that *Atresmedia* has decreased its short-term debt, therefore its ratios such as the Working Capital and Liquidity Ratio have been positioned above *Mediaset*. On the other hand, *Mediaset* has decreased its assets, so it has been presenting lower ratios, except for the Acid Test, for example, because as *Atresmedia* counts its "Programme Rights" in *Inventories*, that profit does not compute in terms of solvency in the shorter term.

Regarding the Solvency and Indebtedness Ratios, the two companies present different data between them.

These indicators show us the importance of funding. As *Atresmedia* has more external financing, it has a lower Solvency Ratio and higher Indebtedness than *Mediaset*. This means that *Atresmedia* has more problems dealing with its credit obligations. Furthermore, short-term creditors are the main sources of this type of financial resource.

Finally, the analysis of profitability consists of two types, Return of Assets (ROA) and Return on Equity (ROE).

In the period studied *Atresmedia* has had better ROA than *Mediaset* until 2017, based on the magnitudes of the Profit Margin and Total Asset Turnover. Since that year, *Mediaset* is positioned with a better percentage, based mainly on the Profit Margin, with a great evolution of this profitability.

Taking into account the company's capital structure, a common characteristic is that the ROE is always higher than in ROA, although *Mediaset* in 2014 presented similar percentages, it has consolidated the differences between the two profitability over the period. These differences mean that both companies optimize their financial leverage, especially *Atresmedia*, which practically triples the economic return obtained every year. Therefore, *Atresmedia's* ROE is always higher than *Mediaset's*.

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8. Annexes

1. ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.

- Balance sheet

	2014	2015	2016	2017	2018
ACTIVO	Miles €	Miles €	Miles €	Miles €	Miles €
A) ACTIVO NO CORRIENTE	622.941	598.269	575.462	568.277	515.916
Inmovilizado intangible	82.935	83.725	78.421	71.196	65.020
Licencias y marcas	74.705	73.914	67.057	60.199	53.451
Aplicaciones informáticas	6065	8025	10.037	10.129	11.159
Otro inmovilizado intangible	2165	1786	1327	868	410
Inmovilizado material	40.691	39.060	36.599	35.926	41.243
Terrenos y construcciones	23.618	22.693	21.836	20.800	23.305
Instalaciones técnicas y otro inmovilizado material	17.059	16.263	14.762	15.006	17.914
Inmovilizado en curso	14	104	1	120	24
Inversiones en empresas del grupo y asociadas l/p	223.387	204.839	205.034	203.221	181.485
Instrumentos de patrimonio	94.906	97.648	117.661	119.642	115.793
Créditos a empresas	128.481	107.191	87.373	83.579	65.692
Inversiones financieras l/p	10.515	14.419	17.252	19.378	30.905
Otros activos financieros	10.515	14.419	17.252	19.378	30.905
Activos por impuesto diferido	265.413	256.226	238.156	238.556	197.263
B) ACTIVO CORRIENTE	550.611	596.019	660.539	657.327	678.075
Existencias	285.885	350.005	383.011	373.883	339.438
Derechos de programas	264.693	340.794	376.460	365.931	330.213
Material consumible y otros	3480	3379	3785	4057	5297
Anticipos a proveedores	17.712	5832	2766	3895	3928
Deudores comerciales y otras cuentas a cobrar	180.453	189.818	194.429	210.813	195.033
Clientes por ventas y prestaciones de servicios	6429	7921	10.273	20.396	10.149
Clientes, empresas del grupo y asociadas	166.229	172.346	176.485	181.006	177.142
Deudores varios	2518	2454	2246	1889	1878
Personal	56	139	94	62	71
Activos por impuesto corriente	5221	6793	5167	7288	5628
Otros créditos con administraciones públicas		165	164	172	165
Inversiones en empresas del grupo y asociadas c/p	38.459	40.961	49.801	38.382	44.069
Créditos a empresas	38.459	40.961	49.801	38.382	44.069
Inversiones financieras c/p	14.184	14.303	28.899	4959	9027
Derivados	11.740	13.112	8767	23	3002
Inversiones financieras	2211	260	101	1948	3092
Otros activos financieros	233	931	20.031	2988	2933
Periodificaciones c/p	630		3675	7614	6997
Efectivo y otros activos líquidos equivalentes	31.000	932	724	21.676	83.511
Tesorería	31.000	932	724	21.676	83.511
TOTAL ACTIVO	1.173.552	1.194.288	1.236.001	1.225.604	1.193.991

	2014	2015	2016	2017	2018
PATRIMONIO NETO Y PASIVO	Miles €	Miles €	Miles €	Miles €	Miles €
A) PATRIMONIO NETO	408.038	434.826	463.267	389.954	363.049
FONDOS PROPIOS	405.863	432.141	458.664	390.510	360.100
Capital	207.604	207.604	207.604	207.604	207.604
Capital escriturado	169.300	169.300	169.300	169.300	169.300
Prima de emisión	38.304	38.304	38.304	38.304	38.304
Reservas	179.481	182.061	184.070	101.613	121.935
Legal y estatutarias	42.474	42.474	42.474	42.474	42.474
Otras reservas	137.007	139.587	141.596	59.139	79.461
Acciones y participaciones en patrimonio propias	(7202)	(8666)	(8810)	(8810)	(8810)
Resto de instrumentos de patrimonio	3088	2129	798	2298	2254
Resultado del ejercicio	45.233	89.503	124.489	137.292	82.105
Dividendo a cuentas	(22.341)	(40.490)	(49.487)	(49.487)	(44.988)
AJUSTES POR CAMBIOS DE VALOR	2175	2685	4603	(556)	2949
Operaciones de cobertura	2175	2685	4603	(556)	2949
B) PASIVO NO CORRIENTE	196.019	194.829	129.396	209.186	324.291
Provisiones l/p	468				
Deudas l/p	176.849	176.348	112.630	194.134	310.317
Obligaciones y otros valores negociables					170.770
Deudas con entidades de crédito	126.331	127.437	103.478	190.229	137.907
Derivados	7	2757	1963	3861	1605
Otras deudas l/p	50.511	46.154	7189	44	35
Deudas a l/p empresas del grupo y asociados	2	2	2	2	2
Pasivos por impuestos diferidos	18.700	18.479	16.764	15.050	13.972
C) PASIVO CORRIENTE	569.495	564.633	643.338	626.464	506.651
Provisiones c/p	28.088	22.906	27.443	26.651	33.633
Obligaciones y otros valores negociables					3924
Deudas con entidades de crédito	38.859	31.838	76.499	74.328	11.870
Derivados financieros	8	145	3	5367	511
Deudas empresas del grupo y asociadas c/p	92.556	95.531	91.832	76.642	65.544
Acreedores comerciales y otras ctas a pagar	408.162	411.346	447.509	443.424	391.007
Proveedores	324.878	326.511	359.004	353.001	324.646
Proveedores, empresas del grupo y asociadas	68.275	62.402	64.591	55.520	45.145
Acreedores varios	40	29	29	30	32
Personal	11.042	11.513	12.488	9011	9658
Pasivos por impuesto corriente			838		
Otras deudas con las Administraciones Públicas	3745	10.709	10.194	24.764	11.439
Anticipos de clientes	182	182	365	1098	87
Periodificaciones a c/p	1822	2867	52	52	162
TOTAL PATRIMONIO NETO Y PASIVO	1.173.552	1.194.288	1.236.001	1.225.604	1.193.991

• Profit and Loss Account

	2014	2015	2016	2017	2018
PATRIMONIO NETO Y PASIVO	Miles €	Miles €	Miles €	Miles €	Miles €
A) PATRIMONIO NETO	408.038	434.826	463.267	389.954	363.049
FONDOS PROPIOS	405.863	432.141	458.664	390.510	360.100
Capital	207.604	207.604	207.604	207.604	207.604
Capital escriturado	169.300	169.300	169.300	169.300	169.300
Prima de emisión	38.304	38.304	38.304	38.304	38.304
Reservas	179.481	182.061	184.070	101.613	121.935
Legal y estatutarias	42.474	42.474	42.474	42.474	42.474
Otras reservas	137.007	139.587	141.596	59.139	79.461
Acciones y participaciones en patrimonio propias	(7202)	(8666)	(8810)	(8810)	(8810)
Resto de instrumentos de patrimonio	3088	2129	798	2298	2254
Resultado del ejercicio	45.233	89.503	124.489	137.292	82.105
Dividendo a cuentas	(22.341)	(40.490)	(49.487)	(49.487)	(44.988)
AJUSTES POR CAMBIOS DE VALOR	2175	2685	4603	(556)	2949
Operaciones de cobertura	2175	2685	4603	(556)	2949
B) PASIVO NO CORRIENTE	196.019	194.829	129.396	209.186	324.291
Provisiones l/p	468				
Deudas l/p	176.849	176.348	112.630	194.134	310.317
Obligaciones y otros valores negociables					170.770
Deudas con entidades de crédito	126.331	127.437	103.478	190.229	137.907
Derivados	7	2757	1963	3861	1605
Otras deudas l/p	50.511	46.154	7189	44	35
Deudas a l/p empresas del grupo y asociados	2	2	2	2	2
Pasivos por impuestos diferidos	18.700	18.479	16.764	15.050	13.972
C) PASIVO CORRIENTE	569.495	564.633	643.338	626.464	506.651
Provisiones c/p	28.088	22.906	27.443	26.651	33.633
Obligaciones y otros valores negociables					3924
Deudas con entidades de crédito	38.859	31.838	76.499	74.328	11.870
Derivados financieros	8	145	3	5367	511
Deudas empresas del grupo y asociadas c/p	92.556	95.531	91.832	76.642	65.544
Acreedores comerciales y otras ctas a pagar	408.162	411.346	447.509	443.424	391.007
Proveedores	324.878	326.511	359.004	353.001	324.646
Proveedores, empresas del grupo y asociadas	68.275	62.402	64.591	55.520	45.145
Acreedores varios	40	29	29	30	32
Personal	11.042	11.513	12.488	9011	9658
Pasivos por impuesto corriente			838		
Otras deudas con las Administraciones Públicas	3745	10.709	10.194	24.764	11.439
Anticipos de clientes	182	182	365	1098	87
Periodificaciones a c/p	1822	2867	52	52	162
TOTAL PATRIMONIO NETO Y PASIVO	1.173.552	1.194.288	1.236.001	1.225.604	1.193.991

2. MEDIASET ESPAÑA COMUNICACIÓN, S.A.

- Balance sheet

	2014	2015	2016	2017	2018
ACTIVO	Miles €	Miles €	Miles €	Miles €	Miles €
A) ACTIVO NO CORRIENTE	1.015.782	963.304	900.683	837.715	756.407
Inmovilizado intangible	712.924	682.981	603.798	539.538	484.808
Patentes, licencias, marcas y similares	213.312	205.282	188.752	172.005	155.500
Fondo de Comercio	287.979	287.979	259.181	230.383	201.585
Aplicaciones informáticas	2656	2305	2667	3281	3906
Derechos de propiedad audiovisual	208.977	187.415	153.198	133.869	123.817
Inmovilizado material	48.251	54.207	57.172	59.760	57.686
Terrenos y construcciones	28.374	27.920	27.289	26.801	26.440
Instalaciones técnicas y otro inmovilizado material	17.416	17.929	23.423	29.843	27.586
Inmovilizado en curso y anticipos	2461	8358	6460	3116	3660
Inversiones en empresas del grupo y asociadas l/p	166.909	156.088	177.788	173.326	156.038
Instrumentos de patrimonio	110.238	130.311	126.479	121.149	122.349
Créditos a empresas del grupo	53.037	21.724	47.123	47.808	32.889
Créditos a empresas asociadas	3634	4053	4186	4369	800
Inversiones financieras l/p	1271	844	316	265	116
Instrumentos de patrimonio	365				
Créditos a terceros	824	824	300	250	100
Otros activos financieros	82	20	16	15	16
Activos por impuesto diferido	86.427	69.184	61.609	64.826	57.759
B) ACTIVO CORRIENTE	516.011	468.184	437.142	399.853	426.013
Activos no corrientes mantenidos para la venta	7932				
Existencias	1555	6543	6710	5791	9753
Productos terminados	1248	6080	6244	5552	9720
Anticipos a proveedores	307	463	466	239	33
Deudores comerciales y otras cuentas a cobrar	217.049	225.931	236.428	242.865	238.930
Clientes por ventas y prestaciones de servicios	4920	4705	5155	5713	8009
Clientes, empresas del grupo y asociadas	199.560	211.276	217.665	221.962	219.436
Deudores varios	5	399			1092
Personal	105	138	43	35	54
Activos por impuesto corriente	12.459	9413	13.565	15.155	10.339
Inversiones en empresas del grupo y asociadas c/p	43.211	65.635	41.500	41.336	37.030
Créditos a empresas del grupo	32.182	56.751	26.703	26.305	30.019
Otros activos financieros	11.029	8884	14.797	15.031	7011
Inversiones financieras c/p	1257	948	695	105	745
Créditos a empresas				50	185
Derivados	1193	866	629		508
Otros activos financieros	64	82	66	55	52
Periodificaciones c/p	12.706	6676	6431	12.387	8239
Efectivo y otros activos líquidos equivalentes	232.301	162.451	145.378	97.369	131.316
Tesorería	102.298	162.451	145.378	97.369	131.316
Otros activos líquidos equivalentes	130.003				
TOTAL ACTIVO	1.531.793	1.431.488	1.337.825	1.237.568	1.182.420

PATRIMONIO NETO Y PASIVO	Miles €	Miles €	Miles €	Miles €	Miles €
A) PATRIMONIO NETO	1.193.077	1.075.450	965.475	853.921	831.513
FONDOS PROPIOS	1.189.166	1.075.450	965.475	853.921	831.513
Capital	203.431	183.088	168.359	168.359	163.718
Capital escriturado	203.431	183.088	168.359	168.359	163.718
Prima de emisión	1.064.247	697.597	409.041	409.041	313.235
Reservas	241.492	242.198	240.874	212.355	179.471
Legal y estatutarias	40.686	40.686	33.672	33.672	32.744
Otras reservas	200.806	201.512	207.202	178.683	146.727
Acciones y participaciones en patrimonio propias	(371.373)	(214.837)		(100.500)	
Resultados negativos de ejercicios anteriores	(8594)				
Resultado del ejercicio	59.963	167.404	147.201	164.666	175.089
AJUSTES POR CAMBIOS DE VALOR	3911	0	0	0	0
Operaciones de cobertura	3911				
B) PASIVO NO CORRIENTE	18.337	25.615	18.040	13.807	9290
Provisiones l/p	9680	10.386	9150	13.291	8787
Provisiones para riesgos y gastos	9680	10.386	9150	13.291	8787
Deudas l/p	8	7554	6113	258	108
Otros pasivos financieros	8	7554	6113	258	108
Pasivos por impuestos diferidos	8649	7675	2777	258	395
C) PASIVO CORRIENTE	320.379	330.423	354.310	369.840	341.617
Provisiones c/p	6954	0	0	0	0
Provisiones para riesgos y gastos	6954				
Deudas c/p	75.059	76.173	66.498	54.224	48.111
Deudas con entidades de crédito	76	25	19	3	
Pasivos por derivados financieros	16		23	1014	92
Otros pasivos financieros	74.967	76.148	66.456	53.207	48.019
Deudas empresas del grupo y asociadas c/p	116.100	130.058	143.943	147.759	159.458
Acreedores comerciales y otras ctas a pagar	121.909	124.027	143.424	167.756	133.757
Proveedores	80.414	85.793	99.628	130.750	87.347
Proveedores, empresas del grupo y asociadas	9819	11.658	16.898	9311	13.294
Acreedores varios			236	873	2
Personal (remuneraciones pendientes de pago)	4582	6949	8217	9791	11.619
Otras deudas con las Administraciones Públicas	27.030	19.627	18.445	17.031	21.495
Anticipos de clientes	64				
Periodificaciones a c/p	357	165	445	101	291
TOTAL PATRIMONIO NETO Y PASIVO	1.531.793	1.431.488	1.337.825	1.237.568	1.182.420

• Profit and Loss Account

	2014	2015	2016	2017	2018
CUENTA DE PÉRDIDAS Y GANANCIAS	Miles €	Miles €	Miles €	Miles €	Miles €
OPERACIONES					
Importe neto de la cifra de negocios	718.829	746.895	786.273	791.741	787.031
Ventas	710.202	738.851	774.760	782.140	777.325
Prestaciones de servicios	8627	8044	11.513	9601	9706
Variación de existencias de productos terminados y en curso de fabricación	(3077)	4832	164	(692)	4168
Trabajos realizados por la empresa para su activo	6351	5560	5304	4948	5111
Aprovisionamientos	(210.096)	(181.462)	(202.376)	(192.684)	(216.788)
Consumo de mercaderías	(210.096)	(181.462)	(202.376)	(192.684)	(216.788)
Otros ingresos de explotación	13.837	18.503	10.771	14.180	12.369
Ingresos accesorios y otros de gestión corriente	13.837	18.486	10.752	14.166	12.368
Subvenciones de explotación incorporadas al resultado del ejercicio		17	19	14	1
Gastos de personal	(81.493)	(83.463)	(83.753)	(88.128)	(91.441)
Suelos, salarios y asimilados	(66.876)	(68.009)	(68.787)	(72.464)	(75.803)
Cargas sociales	(14.617)	(15.454)	(14.966)	(15.664)	(15.638)
Otros gastos de explotación	(188.299)	(197.542)	(183.346)	(202.325)	(188.456)
Servicios exteriores	(165.003)	(173.036)	(159.433)	(176.575)	(162.996)
Tributos	(23.635)	(24.334)	(25.286)	(25.764)	(25.536)
Pérdidas, deterioro y variación de provisiones por operaciones comerciales	339	(172)	1373	14	76
Amortización del inmovilizado	(207.363)	(198.478)	(245.469)	(226.964)	(195.878)
Excesos de provisiones	3747	3100	2585	6491	1749
Deterioro y resultado por enajenaciones del inmovilizado	1496	(8711)	(4346)	(1914)	615
Deterioros y pérdidas	1516	(8938)	-4304	-1654	830
Resultados por enajenaciones y otras	(20)	227	-42	-260	-215
RESULTADO DE EXPLOTACIÓN	53.932	109.234	85.807	104.653	118.480
Ingresos financieros	61.560	70.913	84.276	72.652	76.933
De participaciones en instrumentos de patrimonio	56.595	67.951	82.206	71.001	75.301
- En empresas del grupo y asociadas	56.595	67.951	82.206	71.001	75.301
De valores negociables y otros instrumentos financieros	4965	2962	2070	1651	1632
- De empresas del grupo y asociadas	3247	2293	1838	1631	1361
- De terceros	1718	669	232	20	271
Gastos financieros	(3037)	(1892)	(1320)	(473)	(1959)
Por deudas con empresas del grupo y asociadas	(968)	(486)	(567)		
Por deudas con terceros	(2069)	(1406)	(753)	(473)	(1959)
Diferencias de cambio	620	895	448	(733)	268
Deterioro y resultado por enajenaciones de instrumentos financieros	(65.066)	16.230	(584)	5788	12.353
Deterioros y pérdidas	(65.066)	627	(2970)		
Resultados por enajenaciones y otras		15.603	2386	12.353	5788
RESULTADO FINANCIERO	(5923)	86.146	82.820	77.234	87.595
RESULTADO ANTES DE IMPUESTOS	48.009	195.380	168.627	181.887	206.075
Impuestos sobre beneficios	11.954	(27.976)	(21.426)	(17.221)	(30.986)
RESULTADO DEL EJERCICIO	59.963	167.404	147.201	164.666	175.089

3. RATIOS

RATIOS	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
LIQUITY AND SOLVENCY										
Working Capital (Thousand of €): CA-CL	(18.884)	31.386	17.201	30.836	171.424	195.632	137.761	82.832	30.013	84.396
Solvency: A/L	1,533	1,572	1,599	1,466	1,436	4,522	4,021	3,592	3,225	3,360
Liquity: CA/CL	0,967	1,055	1,026	1,049	1,338	1,611	1,416	1,233	1,081	1,247
Acid-test: (CA - Invent)/CL	0,465	0,435	0,431	0,452	0,668	1,606	1,397	1,214	1,065	1,218
Availability: CI+Cash/CL	0,079	0,026	0,046	0,042	0,182	0,729	0,494	0,412	0,263	0,386
FINANCIAL STRUCTURE										
Debt-to-equity: L/E	1,876	1,746	1,668	2,142	2,288	0,284	0,331	0,385	0,449	0,422
Debt-to-equity (s.t): CL/E	1,396	1,298	1,388	1,606	1,395	0,268	0,307	0,366	0,433	0,410
Debt-to-equity (l.t): NCL/E	0,480	0,448	0,280	0,536	0,893	0,016	0,024	0,019	0,016	0,012
Financial autonomy: E/L	0,533	0,572	0,599	0,466	0,436	3,522	3,020	2,592	2,225	2,369
Profitability										
Profit Margin: EBIT/Net Revenue	14,28 %	15,58 %	20,25 %	20,69 %	18,45 %	7,10 %	26,41 %	21,61 %	23,03 %	26,43 %
Total Asset Turnover: Net Revenue/Average Assets	0,60	0,65	0,66	0,65	0,64	0,43	0,50	0,57	0,61	0,65
ROA: EBIT/Average Assets	8,50 %	10,06 %	13,38 %	13,44 %	11,81 %	3,08 %	13,31 %	12,27 %	14,16 %	17,19 %
Indebtedness: ATL/E	2,15	1,81	1,71	1,89	2,21	0,26	0,31	0,36	0,42	0,44
i: FC/ATL	1,67 %	1,49 %	0,81 %	0,91 %	0,92 %	0,88 %	0,54 %	0,36 %	0,13 %	0,53 %
ROE: ROA + (ROA - i)*Indebtedness	23,19 %	25,56 %	34,83 %	37,06 %	35,91 %	3,66 %	17,23 %	16,52 %	19,99 %	24,45 %